

304.24-370 Conversion of stock insurer to ordinary business corporation.

A domestic stock insurer may convert to a Kentucky ordinary business corporation through the following procedures:

- (1) The insurer shall give the commissioner written notice of its intent to convert to an ordinary business corporation;
- (2) The insurer shall bulk reinsure all of its insurance, if any, in force, with another authorized insurer under a bulk reinsurance agreement approved by the commissioner as provided in KRS 304.24-420. The agreement of bulk reinsurance may be made contingent upon approval of stockholders as provided in subsection (4) of this section;
- (3) The insurer shall set aside funds in a special reserve in such amount and subject to such administration as may be found by the commissioner to be reasonable and adequate for the purpose, for payment of all obligations, if any, of the insurer incurred by it and remaining unpaid under its insurance contracts prior to the effective date of such bulk reinsurance, or make other reasonable disposition satisfactory to the commissioner for such payment;
- (4) The proposed conversion shall be approved by affirmative vote of not less than two-thirds (2/3) of each class of outstanding securities of the insurer having voting rights, at a special meeting of holders of such securities called for the purpose; and at such meeting and by a like vote the certificate of organization of the corporation shall be amended to remove therefrom the power to transact an insurance business as an insurer, to provide for such new powers and purposes authorized by the general corporation laws of this state as may be consistent with the purposes for which the corporation is thereafter to exist, and to make such further alterations in the certificate of organization as may be required under such general corporation laws of an ordinary business corporation;
- (5) Security holders of the corporation who dissent from such proposed conversion shall have the same applicable rights as exist under such general corporation laws with respect to dissent from a proposed merger of the corporation; and
- (6) Upon compliance with subsections (1) to (4) of this section, inclusive, and upon filing of the amendment of the certificate of organization with the commissioner and otherwise as required by laws applicable to ordinary business corporations, the conversion shall thereupon become effective.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1342, effective July 15, 2010. -- Created 1970 Ky. Acts ch. 301, subtit. 24, sec. 37, effective June 18, 1970.